



Introduction

Service firms today recognize that they can maximize their profits by setting clear priorities among their customers and allocating resources according to their priorities. This idea of customer prioritization implies that selected customers(i.e. VIP customers) receive different and preferential treatment compare to other customers(i.e. Non-VIP customers). The present study uses the term *differential customer treatment* to refer to this phenomenon of firms' profitability-based gradations when serving customers.

Prior research on this phenomenon either takes management or customer perspectives. In contrast, this study investigates employees' feeling of guilt in the process of providing differential customer treatment and how it effects employees' job satisfaction.

Method

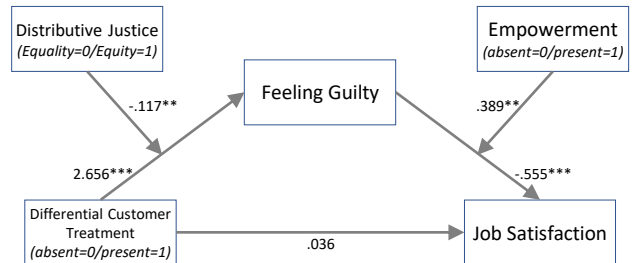
300 participants were recruited from Prolific to participate in the survey, which comprised of three parts. First part asked questions regarding participants' general preference for equity versus equality in economic exchange. This equity versus equality scale was comprised two items adapted from Mayser and Wangenheim (2012).

In the second part of the survey, participants were randomly assigned into one of four conditions that instructed them to imagine themselves as an employee at a hotel. The four conditions were set as follows: (a) differential customer treatment *present* and empowerment *absent* condition, (b) both differential customer treatment and empowerment *present* condition, (c) both differential customer treatment and empowerment *absent* condition and (d) differential customer treatment *absent* and empowerment *present* conditions. After reading the scenario, participants were asked to rate their perceived differential customer treatment and empowerment based on a 7-point Likert scale including a manipulation check.

The third part of the survey contained questions pertaining to their perceived feelings, focusing on the feeling of guilt. The scale for guilt was adopted and modified from state guilt measurement of The Guilt Inventory (Kugler & Jones 1992) for assessing participants' state guilt ($\alpha=.88$; 3 items). Then, the participants were asked about their job satisfaction using three items adopted from Job Content Questionnaire v 1.7 (Karasek, 1997).

Result

Figure 1. Moderated mediation result of theoretical model



Differential Customer Treatment → Feeling Guilty (Distributive Justice as Moderator)

- In DCT present condition, participants with equality preference significantly felt higher guilt than participants with equity preference ($M_{\text{equality}} = 5.21$, $SD = 1.55$ vs $M_{\text{equity}} = 4.06$, $SD = 1.58$; $p < .001$).
- In DCT absent condition, the preference of distributive justice did not matter ($M_{\text{equality}} = 2.12$, $SD = 1.24$ vs $M_{\text{equity}} = 2.10$, $SD = 1.05$; $p = .89$)

Feeling Guilty → Job Satisfaction (Empowerment as Moderator)

- For participants with high guilt feelings, participants who were given with empowerment significantly exhibited higher job satisfaction ($M_{\text{empowerment present}} = 4.07$, $SD = 1.28$ vs $M_{\text{empowerment absent}} = 2.97$, $SD = 1.36$; $p < .001$)
- With low guilt participants, the presence of empowerment did not affect participants' job satisfaction ($M_{\text{empowerment present}} = 5.41$, $SD = 1.07$ vs $M_{\text{empowerment absent}} = 2.34$, $SD = .83$; $p = .68$).

Conclusion

For many service firms, differential customer treatment is unavoidable in order to increase firms' profit. Due to its inevitability, differential customer treatment has given great amount of attention in academic field of marketing. However prior research lack on pointing out how this phenomenon affects frontline employees who encounter customers and are required to provide differential customers to customers.

With findings from this research, service firms may benefit from grasping each employees' perspective on distributive justice and use this knowledge as one of the guidelines for hiring, positioning, and training employees. Moreover, this research persuades managers of service firm to provide more empowerment to frontline employees who are exposed to differential customer treatment.